Transactions of Exempt Persons Examination and Testing Procedures

Objective. *Assess the bank’s compliance with the BSA regulatory requirements for exemptions from the currency transaction reporting requirements.*

| **Procedure** | **Comments** |
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| 1. Review the bank’s policies, procedures, and processes that address exempting customers from CTR filings. Determine whether the policies, procedures and processes provide steps for:
* Assuring that a person is an exempt person, including completing the required annual reviews of eligibility,
* Documenting the basis for conclusions regarding eligibility, and
* Documenting compliance with the regulation.
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| 1. Select a sample of filed Designation of Exempt Person reports to determine whether:
* The reports are filed in accordance with FinCEN instructions within 30 days of the first reportable transaction that the bank sought to exempt.
* The customer is eligible for designation as exempt (see categories of [Phase I](#Phase_I) exempt persons and [Phase II](#Phase_II) exempt persons).
* The bank maintains documentation to support that designated non-listed businesses do not receive more than 50 percent of gross revenue from ineligible business activities.
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| 1. Determine that the information supporting the eligibility of each exempt person that is a listed public company, a listed public company subsidiary, a non-listed business, or a payroll customer is reviewed by the bank at least once a year to determine whether the person remains eligible for an exemption. Determine that the bank appropriately documents the annual review and information used to confirm eligibility.
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| 1. Determine whether the bank’s internal controls are designed to assure ongoing compliance with CTR exemption requirements and are commensurate with the bank’s size or complexity and organizational structure.
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| 1. On the basis of examination and testing procedures completed, form a conclusion about the adequacy of policies, procedures, and processes the bank has developed to meet BSA regulatory requirements associated with exemptions from currency transaction reporting.
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